

1 Q. **Reference: Application, 2025 Capital Budget Overview, page 24.**

2 Can the proposed 2025 expenditures on the extension of the Stephenville GT be deferred to
3 2026 to allow the Board and parties to scrutinize Hydro’s 2024 Resource Plan?
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6 A. As part of its assessment of alternatives, and as required by the provisional Capital Budget
7 Application Guidelines,¹ Newfoundland and Labrador Hydro (“Hydro”) considers whether each
8 program or project contained in its 2025 Capital Budget Application (“CBA”) can be deferred in
9 light of the condition of the asset and its criticality to the system. Where deferral of a program
10 or project is determined to be low risk, that option is selected in an effort to balance the cost
11 impact to customers with the level of reliability required.² In 2025, Hydro identified the
12 opportunity to defer a \$200,000 project to replace the vibration system at the Stephenville Gas
13 Turbine (“Stephenville GT”) to 2026.

14 As communicated in Hydro’s 2024 Resource Adequacy Plan,³ Hydro is supporting the continued
15 operation of the Stephenville GT beyond 2024 through the “Bridging Period”⁴ in accordance
16 with capacity requirements specified by Hydro as part of the *Reliability and Resource Adequacy*
17 *Study Review* proceeding. As the Stephenville GT is nearly 50 years old, prudent sustaining
18 capital investment is required to ensure its continued safe and reliable operation through this
19 period. Deferral of projects in addition to those already identified is not appropriate and would
20 place Hydro at risk of regulatory and legislative non-compliance, and may compromise Hydro’s
21 ability to meet its peak load requirements and ensure reliable service.

¹ Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.

² Strategic decisions to defer project completion to future years are based on updated asset condition information, updated electrical system planning requirements, or improved project execution plans.

³ “2024 Resource Adequacy Plan – An Update to the Reliability and Resource Adequacy Study,” Newfoundland and Labrador Hydro, rev. August 26, 2024 (originally filed July 9, 2024).

⁴ Hydro considers the Bridging Period to be from 2023 to 2030. During the Bridging Period, the system would rely primarily on existing sources of generation capacity, including the Stephenville GT, to maintain reliability while new generation capacity is being built.

1 In Hydro’s 2025 CBA, there are three proposed projects which include 2025 expenditures,
2 required to ensure the continued safe and reliable operation of the Stephenville GT, as shown in
3 Table 1.

Table 1: 2025 Proposed Projects – Stephenville GT

Title	Total Spend (\$000)	Investment Class
Inspect Fuel Tanks (2025) – Stephenville	676.9	Renewal
Replace 250 Vdc Battery Bank (2025–2026) – Stephenville	369.9	Renewal
Replace Human-Machine Interface (2025) – Stephenville	277.0	Renewal